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GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF HUMAN SERVICES
LANSING



MARIANNE UDOW
DIRECTOR

July 20, 2006

The Honorable Bill Hardiman, Chair
Senate Appropriations Subcommittee on DHS
Michigan State Senate
Lansing, Michigan 48933

The Honorable Rick Shaffer, Chair
House Appropriations Subcommittee on DHS
Michigan House of Representatives
Lansing, Michigan 48933

Dear Senator Hardiman and Representative Shaffer:

Section 270 of 2005 Public Act 147 (Enrolled Senate Bill No. 271) requires the Michigan Department of Human Services (MDHS) to report on the development of a plan to provide client-centered results-oriented programs and services for day care assistance, the family independence program, adoption and foster care services, and juvenile justice services.

This information was presented in testimony before the House and Senate subcommittees earlier this year. Much of this package consolidates that information.

If you have any questions, please contact John Sorbet, chief administrative officer, at 373-7787.

Sincerely,

Marianne Udow

cc: Senate and House Appropriations Subcommittees on DHS
Senate and House Fiscal Agencies
Senate and House Policy Offices
State Budget Director

BOILERPLATE SECTION 270(1), (2), (3) FOR FOSTER CARE

Plan to Provide Client-Centered Results-Oriented Services

270-1

The DHS Foster Care Program adheres to the federal Child and Family Services standards. These standards are predicated on the requirements of the Adoption and Safe Families Act of 1997, which were codified in Michigan under the Binsfeld Legislation. The outcomes are based on the achievement of child safety, permanency and well-being irrespective of their living arrangement. These outcomes are tracked through a variety of sources and are reflected in program standards, policy bulletins, private-child placing agency contracts and services contracts. Additionally, Field Operations Administration, DHS, instituted specific program outcomes and goals based on the Family-to-Family community and family engagement model of service provision. These standards are contained in the performance expectations of local office directors, managers and staff. Results of achievement in program goals are reported at a minimum monthly and are tracked through data reports.

270-2

- a. *Average cost per recipient served by the program –*
\$9797.00 per case based on a cost average between casework provision through private providers and public providers.
- b. *Measurable performance indicators –*
See attached Michigan Child and Family Services Review Outcome and Indicator document.
- c. *Desired Outcomes -*
 1. Child safety in alternate care (relative care, foster home, residential care).
 2. Stability of living arrangement while in out-of-home care (2 or fewer moves within the current episode of out-of-home care)
 3. Reunification with birth family, when safe.
 4. Maintained safely in own-home post reunification.
 5. Achievement of permanency within 15 of 22 months in the current episode of out-of-home care.
 6. .57 or less incidence of abuse or neglect while in a foster care living arrangement.
 7. Remediation of family and child barriers to safety, permanence and well-being.
- d. *Monitored results for each program –*
 1. Number of children who experience abuse or neglect while in out-of-home care.
 2. Number of placement moves experienced by children.

3. Timeframe to achieve permanency.
4. Revictimization rate.

e. Innovations for each program that may include savings or reductions in administrative costs -

1. Foster Care Agency contracts revised to include specific CFSR outcomes that will be monitored for adherence to Departmental standards for both general and specialized foster care programs.
2. Foster Care Agency rate structure adjustment to raise the floor for the lowest paid private provider agencies.
3. Family to Family model of service delivery integrated into the foster care program standards to focus on family inclusion, Team Decision Making, community collaboration and placement with relatives when safe to do so.
4. Current development of a treatment foster care proposal that will address the high costs of children and youth placed in residential treatment programs.
5. Data system enhancements that will permit monitoring of specific outcome strategies to address program goals such as length of stay in care, placement moves and safely being reunified in a timely fashion.

CHILD AND FAMILY SERVICE REVIEW

MICHIGAN CHILD AND FAMILY SERVICES REVIEW (CFSR) PROGRAM IMPROVEMENT PLAN PROGRESS TOWARD IMPROVEMENT GOALS	2002 Results	Michigan's PIP Goal	Goal Achieved	Current Status
Safety Outcome 1: Children are, first and foremost, protected from abuse and neglect				
Item 1: Timeliness in initiating investigations of child maltreatment*	69.30%	73.30%		60.60%
Item 2: Repeat maltreatment	96.00%	None	X	N/A
Safety Outcome 2: Children are safely maintained in their own homes whenever possible and appropriate.				
Item 3: Services to family to protect child(ren) in home and prevent removal	90.00%	None	X	N/A
Item 4: Risk of harm to child(ren)	84.00%	88%	X	N/A
Permanency Outcome 1: Children have permanency and stability in their living situations.				
Item 5: Foster care re-entries	86.00%	None	X	N/A
Item 6: Stability of foster care placement	84.30%	89.00%		80.00%
Item 7: Permanency goal for child	89.00%	None	X	N/A
Item 8: Reunification, guardianship, or permanent placement with relatives	69.00%	73.0%		86.20%
Item 9: Adoption	86.00%	None	X	N/A
Item 10: Permanency goal of other planned permanent living arrangement	100.00%	None	X	N/A
Permanency Outcome 2: The continuity of family relationships and connections is preserved for children.				
Item 11: Proximity of foster care placement	94.00%	None	X	N/A
Item 12: Placement with siblings	84.00%	88%	X	N/A
Item 13: Visiting with parents and siblings in foster care	68.00%	72.00%	X	N/A
Item 14: Preserving connections	89.00%	None	X	N/A
Item 15: Relative placement	82.00%	86.00%	X	N/A
Item 16: Relationship of child in care with parents	81.00%	85.00%	X	N/A
Child Well-Being Outcome 1: Families have enhanced capacity to provide for their children's needs.				
Item 17: Needs and services of child, parents, foster parents*	51.70%	55.70%	59.46%	59.46%
Item 18: Child and family involvement in case planning*	60.00%	64.00%	52.70%	52.70%
Item 19: Worker visits with child*	71.70%	75.70%	68.92%	68.92%
Item 20: Worker visits with parent(s)*	63.20%	67.20%	64.79%	64.79%
Child Well-Being Outcome 2: Children receive appropriate services to meet their educational needs.				
Item 21: Educational needs of the child	79.00%	83.00%	X	N/A
Child Well-Being Outcome 3: Children receive adequate services to meet their physical and mental health needs.				
Item 22: Physical health of the child	89.00%	None	X	N/A
Item 23: Mental health of the child	81.00%	85.00%	X	N/A
* <i>Note: Baseline adjusted based on CY 2005 cumulative performance.</i>				

BOILERPLATE SECTION 270(1)(2)(3) FOR ADOPTION SUBSIDY

Plan to Provide Client-Centered Results-Oriented Services

270-1

Adoption subsidies are perhaps the single-most powerful tool by which the child welfare system can encourage adoption and support adoptive families. A national analysis of state-level aggregate data shows a significant positive correlation between the percentage of adopted children who receive subsidy and percent of eligible children who are adopted. The goal of the Department of Human Services is to ensure that financial barriers do not prevent children with special needs from finding permanent homes. The Adoption Services Division is working with the National Resource Center on Adoption consultants to determine if the current policy and practice are evidenced based to support adoptive families. Recommendations based on this review will be available by July 2006.

270-2

- a. *Average cost per recipient served by the program – monthly \$812.00*
- b. *Measurable performance indicators –*
 - Number of adoptions – increased 2.5% from 2004 (2744) to 2005 (2844)
 - Percent of children adopted from the child welfare system receiving adoption subsidy – 90.5% in 2006
- c. *Desired Outcomes:*
 - Removal of financial barriers to adoption of Michigan children who have special needs
 - Provide assistance to parents in meeting the needs of their adopted special needs children
 - Increase the number of children from the child welfare system who find permanent homes
- d. *Monitored results for each program –*
 - the number of adoptions
 - the percentage of children eligible for adoption subsidy
 - the average cost
- e. *Innovations for each program that may include savings or reductions in administrative cost –*

Adoption subsidy provides administrative cost savings based on the amount that would be paid if the child remained in foster care. Improvements in the current data system will ensure more efficient processing of eligibility and a higher rate of accuracy in making determinations.

Bureau of Juvenile Justice

Boilerplate Report Section 270

The following report addresses (e) Juvenile justice services.

(1) The department shall develop a plan to provide client-centered results-oriented programs and services for each of the following programs:

- (a) Day care assistance.**
- (b) Family independence program.**
- (c) Adoption subsidy.**
- (d) Foster care.**
- (e) Juvenile justice services.**

(2) The plan shall include detailed information to be compiled on an annual basis by the department on the following for each program listed in subsection (1):

(a) The average cost per recipient served by the program.

- The per diem cost for public and private facilities are on pages 3 - 5.

Note: Cost per youth in public facilities is higher due to:

Staffing:

- There are fewer turnovers of staff in public facilities. Veteran employees result in higher salary and benefit packages
- Requirements for professional training, certifications, and licensure for staff are more stringent for State of Michigan employees.

Youth:

- Type of youth served in public facilities require a higher security level of care

Treatment:

- Medical and mental health expenses are higher due to diagnosis of youth served.
- Public facilities have onsite education, medical, dental, and mental health services to meet the needs of youth. The cost of these services are paid from the general fund budget and not paid by local school districts or Medicaid.

(b) Measurable performance indicators for each program.

The DHS Juvenile Justice Information System (JJIS) measures the strengths and needs of youth at the time of referral to the program and at release. Both public and private facilities participate in the JJIS database and enter performance progress on each youth. The performance indicators are: Family Relationships, Emotional Stability, Substance Abuse, Social Relations, Education, Victimization, Sexuality, Life Skills, Employment, Health Care/Hygiene, and After Care Living Situation.

(c) Desired outcomes or results and goals for each program that can be measured on an annual basis, or desired results for a defined number of years.

Program outcomes are measured by a BJJ recidivism study, see pages 6-8 for methodology and recidivism measurements.

(d) Monitored results for each program.

Page 9 shows the average progress made in public and private facilities in 2004 and 2005.

(e) Innovations for each program that may include savings or reductions in administrative costs.

BJJ is developing innovations for programs to reduce costs in administration. Current initiatives include hiring a Medical Director for the Bureau of Juvenile Justice to reduce multiple contract costs and to develop an intense mental health treatment program for youth with acute mental health needs. These initiatives will provide better programs, reduce length of stay, and reduce costs.

Comparison of public and private facility per diem rates

Costs of care vary per facility based on residential treatment programming and security level. DHS per diem rates include education and medical costs, where as private facility per diem rates do not. A further explanation of the rate comparison is found in Section 270 2(a), page 36.

Public Facility	Security Level	Treatment Program	Per Diem Costs	Capacity	Gender	Private Facility	Security Level	Treatment Program	Per Diem Costs	Capacity
Maxey (Woodland)	Closed Medium	Sex Offender	\$413.54	60	Male	No equivalent				
Maxey (Woodland)	Closed Medium	General	\$413.54	20	Male	Wolverine Human Services	Closed Medium	General	\$236.76	40
Maxey (Woodland)	Closed Medium	Mental Health	\$413.54	20	Male	Harbor Oaks	Closed Medium	Mental Health	\$292.20	20
Maxey (Woodland)	Closed Medium	Special Needs Transition	\$413.54	10	Male	No equivalent				
Maxey (Woodland)	High	Mental Health Sex Offender	\$413.54	10	Male	No equivalent				
Maxey (Woodland)	High	Sex Offender	\$413.54	20	Male	No equivalent				
Maxey (Woodland)	High	Mental Health	\$413.54	20	Male	Turning Point	High	Mental Health	\$248.66	30
Maxey (Woodland)	High	Serious Chronic Offender	\$413.54	20	Male	Wolverine Human Services	High	General	\$236.76	40
Adrian Training School	Closed Medium	General	\$360.07	51	Female	No equivalent				
Adrian Training School	Closed Medium	Individual Focus Program	\$360.07	20	Female	No equivalent				

Comparison of public and private facility per diem rates (continued)

Costs of care vary per facility based on residential treatment programming and security level. DHS per diem rates include education and medical costs, where as private facility per diem rates do not. A further explanation of the rate comparison is found in Section 270 2(a), page 36.

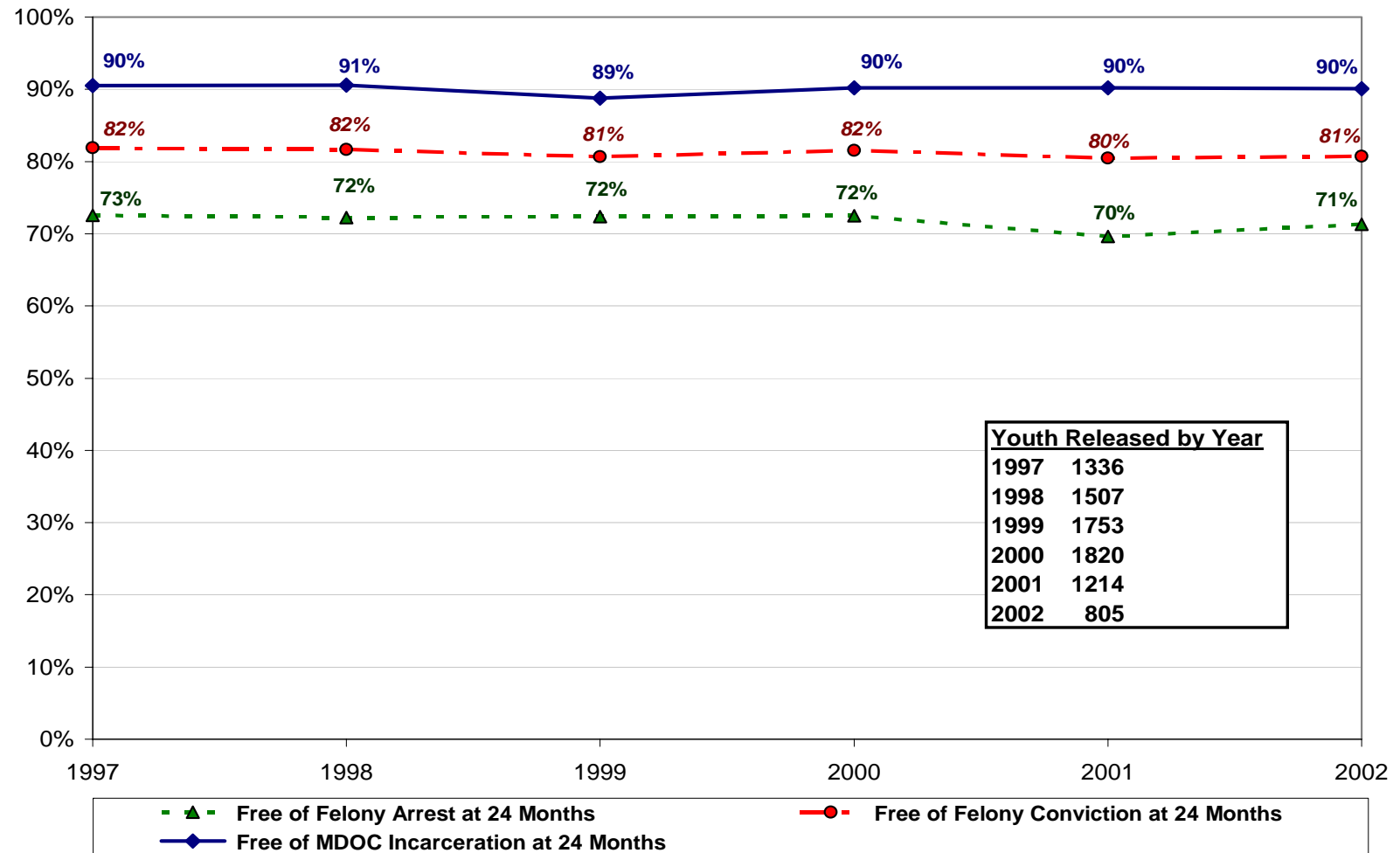
Public Facility	Security Level	Treatment Program	Per Diem Costs	Capacity	Gender	Private Facility	Security Level	Treatment Program	Per Diem Costs	Capacity
Bay Pines Center	Closed and Open Medium	General	\$257.99	32	Male and Female	Crossroads for Youth	Open Medium	General	\$101.51	30
						Highfields Youth Opportunity Camp	Open Medium	General	\$163.67	48
						Boys and Girls Republic	Open Medium	General	\$201.05	22
						Eagle Village	Open Medium	General	\$160.60	48
						Andre House (Holy Cross)	Open Medium	General	\$160.60	14
						Moreau Center (Holy Cross)	Open Medium	General	\$144.14	65
						Holy Cross (Clinton Campus)	Open Medium	General	\$209.70	109
						Holy Cross (Russell House)	Open Medium	General	\$166.61	15
						Holy Cross (St. Vincent Girls)	Open Medium	General	\$144.79	15
						Pineview Homes	Open Medium	General	\$116.07	15
						Starr Commonwealth	Open Medium	General	\$163.67	120
Nokomis Challenge Center	Closed Medium	Substance Abuse	\$244.72	10	Male	No equivalent				

Comparison of public and private facility per diem rates (continued)

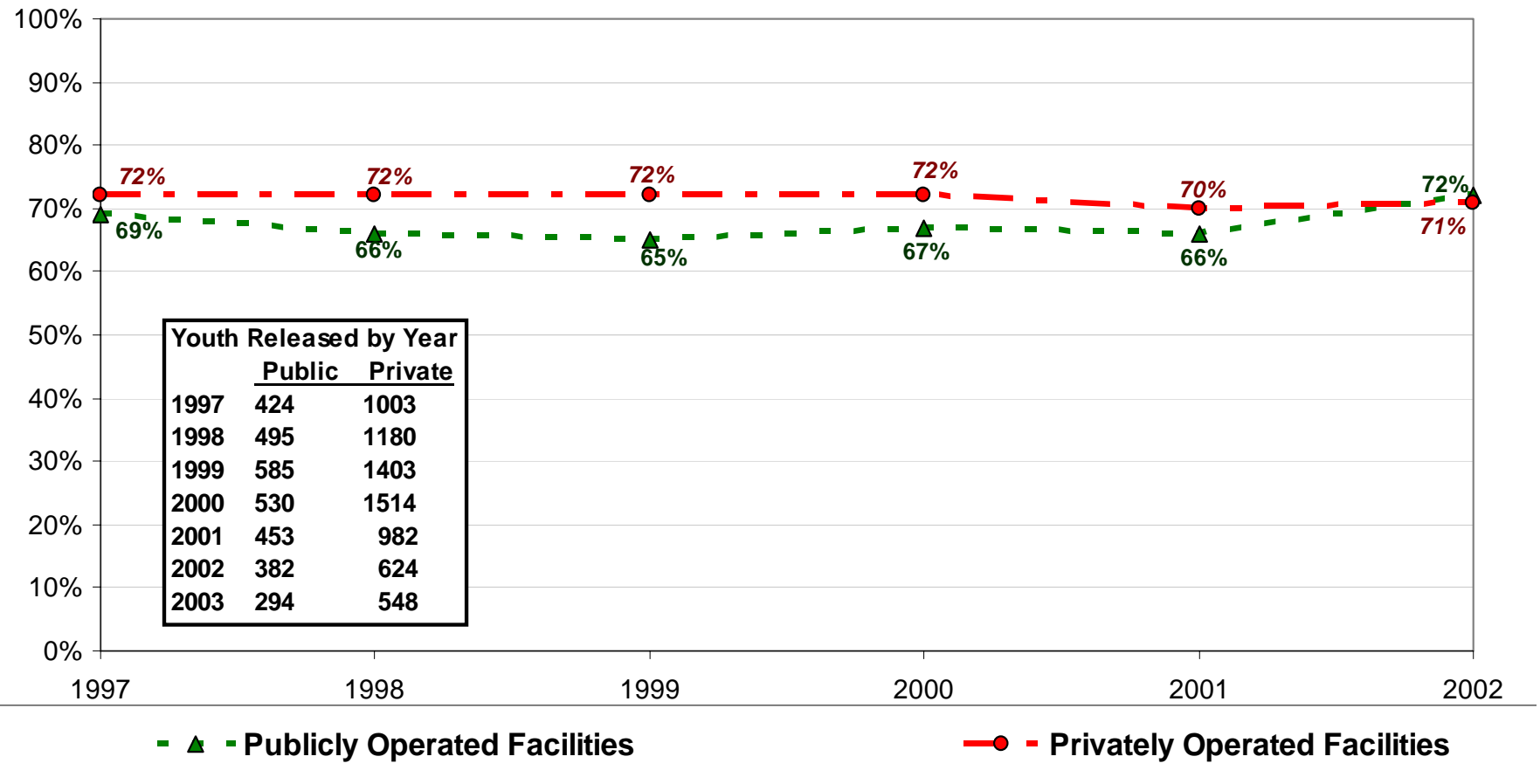
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Public Facility	Security Level	Treatment Program	Per Diem Costs	Capacity	Gender	Private Facility	Security Level	Treatment Program	Per Diem Costs	Capacity
Nokomis Challenge Center	Open Medium	Substance Abuse	\$244.72	10	Male	No equivalent				
Nokomis Challenge Center	Open Medium	Substance Abuse	\$244.72	10	Male	No equivalent				
Nokomis Challenge Center	Closed Medium	General	\$244.72	10	Male	Wolverine	Closed Medium	General	\$236.76	40
Shawono Center	Closed Medium	General	\$236.81	20	Male	Wolverine	Closed Medium	General	\$236.76	40
Shawono Center	Closed Medium	Sex Offender	\$236.81	10	Male	Wolverine	Closed Medium	General	\$236.76	40

Success Rates for all Juveniles Released from All DHS High and Medium Security Residential Programs as Measured at 24 Months Following Last Placement: 1997-2002



Comparative Success Rates for Delinquents Released from Public and from Private Residential Treatment Programs Measured by Lack of Felony Arrest at 24 Months Following Last Placement: 1997-2002



Bureau of Juvenile Justice Recidivism Study Methodology

The project currently defines recidivism based on three measures. First the study examines each released juvenile for arrest on any felony crimes by any state or county law enforcement agency in Michigan: Other crimes, including low misdemeanors and status offenses are not included because no single source of data exists for this information. Second, the study examines each released juvenile for conviction on any felony crimes by any state or county court in Michigan. Again, low misdemeanors and status offenses are excluded. Finally the study checks each individual for incarceration at any Michigan Department of Corrections institution. Each of these measures of recidivism are calculated independently.

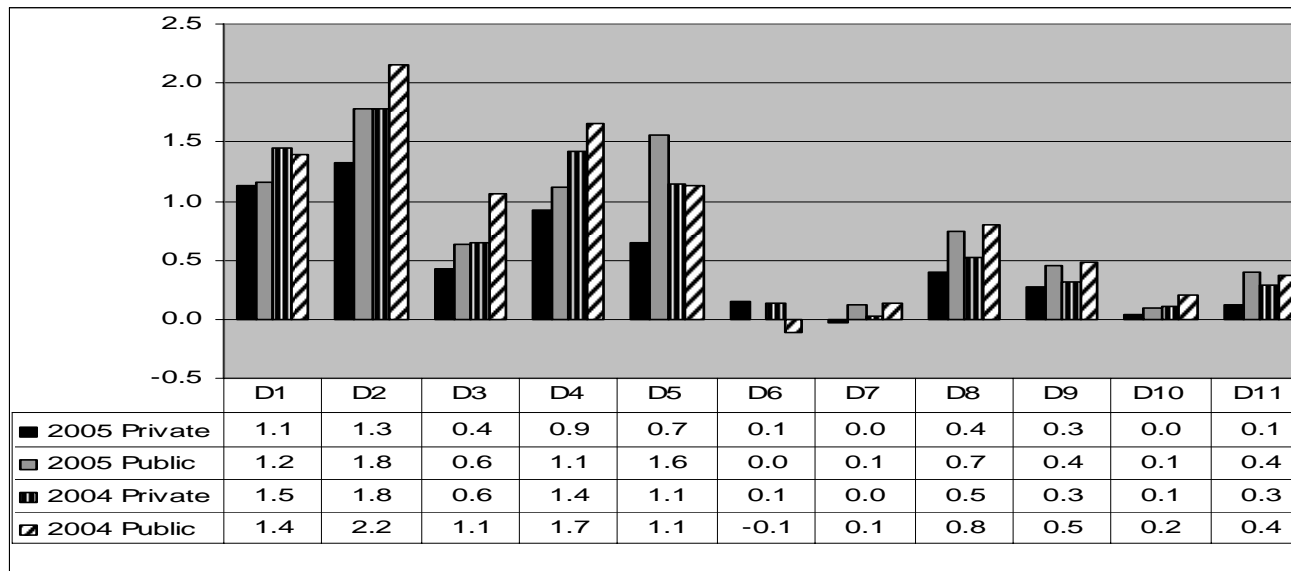
Juveniles are included in the study if they have had at least one placement at a high or medium security publicly-operated residential juvenile treatment facility between January 1997 and December 2003. Any placement at one or more of these facilities, regardless of length of stay or type of termination for the placement is enough to qualify a juvenile for inclusion in the recidivism study. This population was selected because release information on this category of clients is the most complete available. The recidivism study does not examine a sample of some of those that meet these criteria, it examines each and every individual for whom we have a record.

A number of separate data sources are used to compile the recidivism study. Several DHS and BJJ resources are used to identify which individuals to include in the study as well as to gather demographic, placement, and criminal offense data on these individuals. This data is then compared both with the Michigan State Police Criminal Justice Database and with the Michigan Department of Corrections records. Based on this automated comparison of records, specific arrest, conviction, and incarceration data is added to each individual's record as appropriate.

Recidivism rates compare the number of juveniles whose release from a last high or medium security residential juvenile justice treatment program occurs during a given calendar year with the number of these juveniles who show a qualifying arrest, conviction, or incarceration. This is expressed as the percentage of juveniles who have not been so arrested, convicted or incarcerated and is referred to as the success rate.

Only arrests, convictions, and incarcerations which occur after a juvenile's release from that individual's last qualifying placement are considered in the study. The intention is to measure only events occurring after a juvenile's treatment is completed. Events that occur before, during, or between placements are not included in the study.

Average Change in Needs and Strengths



D1 – Family Relationships D4 – Social Relations D8 – Life Skills D9 – Employment D11 – After Care Living Situation
 D2 – Emotional Stability D5 - Education D9 – Employment
 D3 – Substance Abuse D6 – Victimization D10 – Health Care/Hygiene

Key: A positive score indicates growth. Example: The average growth in a private facility in family relationships in 2005 was 0.71.
 A negative score indicates regression. A “0” score indicates maintenance of current level.

Example: DHS Juvenile Justice workers enter a score for each youth in each area of the life domains. As each youth enters and exits the treatment program, the worker enters a new score showing an increase or a decrease. For example, in education the worker enters scores:

- +2 Youth is enrolled in school, has no history of behavior problems, is functioning at expected grade level or has GED or High School diploma
- 0 Youth has occasional problems with attendance, work effort or behaviors but continues to function at expected grade level
- 2 Youth has chronic problems with attendance, work effort or behaviors and/or functions 1 year below expected grade level
- 4 Youth has chronic problems with attendance, work effort or behaviors and/or functions 2 years below expected grade level

FAMILY INDEPENDENCE PROGRAM

PROGRAM STATEMENT

The Family Independence Program is Michigan's cash assistance program under the federal Temporary Assistance for Needy Families (TANF) block grant. This program provides a monthly cash benefit for families. The benefit is intended to cover or assist with the costs of basic living expenses, including food, clothing, transportation, housing expenses, etc. Recipients of this program are also automatically eligible for Medicaid and a range of employment and family support services.

This goal falls under the Senate's results initiative.

COSTS (2007)

Family Independence Program				
	TANF	GFGP	State Restricted	Total
Regular Client Benefits	\$ 97,281,600	\$ 226,291,300	\$ 50,210,700	\$ 373,783,600
Program Administration	* \$2,454,521	* \$6,119		\$ 2,460,640
Total appropriations	\$99,736,121	\$ 226,297,419		\$ 376,244,240

*Estimate

AVERAGE COST PER RECIPIENT

The average cost per recipient served by the program is \$153.10 per month or \$1,837.20 per year.

DESIRED OUTCOMES AND CURRENT STATUS

DESIRED OUTCOME #1

Reduce child poverty by at least 5% per year

CURRENT STATUS

This goal was established this year. Census estimates will be used to measure the decrease annually. Actions that will contribute to achieving the goal include:

- child support collections will increase by at least 2% per year due to enhanced enforcement activities
- 30% of FIP disabled adults who are able to work with limitations or who receive vocational rehabilitation services will have earned income due to implementation of medical screening, MRS services and other supportive services. (See MRS/MRT pilot description on page 4.)
- the average earnings of FIP adults who are employed will increase by 10% within 2 years due to implementation of revised employment and training programs.

DESIRED OUTCOME #2

Increase the work participation rates to 50% by 9/30/07.

CURRENT STATUS

The work participation rate for Fiscal Year 2005 was 21.9%. The work participation rate for the first quarter of Fiscal Year 2006 is 22.7%.

DESIRED OUTCOME #3

Families leaving assistance will be self-sufficient and will not again receive assistance for 2 years after leaving. This supports the second purpose of TANF, which is to end dependence of needy parents on government benefits.

CURRENT STATUS

The percentage of cases that return to assistance after closure

3 months is 11%,
6 months is 13%,

1 year is 12%, and
More than 1 year is 9%.

INNOVATIONS:

JOBS, EDUCATION AND TRAINING (JET) PROGRAM

GOALS:

- Reduction in Caseload – Short-term family support will be provided to 10% of applicants, reducing the total active cases by 20% after 18 months.
- Increase in Case Closures – 34% of the cases will be closed or reduced after 18 months.
- Increase in Employment Retention – 75% of the cases that close will not return to the Family Independence Program (FIP for one year after closure).

TIMELINE FOR JET PILOT SITES:

APRIL 2006

- Direct Support Services (DSS) money to pilot sites
- JET case remains active for 180 Days after FIP closure
- STFS training developed and delivered
- JET uses standardized assessment tools (Word Keys etc.)
- Triage before sanction is applied (good cause/barrier identification meeting between FIS, JET worker and client)
- No compliance test required before reopening
- Identify long-term recipients (see countable months) and DHS/MWA engage them
- Develop Interagency Agreements/MOU

MAY

- STFS piloted
- JET readiness survey is completed by FIP applicants
- MWA/JET referral at FIP opening
- Joint Orientation is replaced by checklist reviewed with client at intake interview

JUNE

- Advertise the JET concept
- Announce Kick-off

JULY

- 90 Sanction piloted
- Link to other initiatives:
- Homelessness
- Ruby Payne
- Fatherhood
- Family Automated Screening Tool (FAST) is piloted
- Automatic notice sent to clients at FIP case opening (30 days to complete)
- Family Self Sufficiency Plan (FSSP) required of mandatory as well as deferred FIP applicants/recipients. Non-compliance with FSSP sanctioned the same as non-compliance with work.
- Accomplish co-location of FIS/JET staff

OCTOBER

- Increase earned income disregard

ENGAGING FAMILIES WITH DISABLED ADULTS

A pilot project began 8/1/2005 in Newaygo County and expanded 1/1/2006 to Saginaw and Kalamazoo counties. The pilot provides individualized services for adult FIP recipients who are claiming a disability and assists adults who are not disabled based on Social Security criteria but who have multiple barriers to employment.

DHS is working with both Michigan Rehabilitation Services and the Michigan Works Agencies to identify limitations and provide services to remove barriers, including vocational rehabilitation, as appropriate.

DHS will also provide assistance in applying for other federal benefits for those who appear to meet Social Security disability criteria.

PAYMENT ACCURACY and POLICY SIMPLIFICATION

Effective 5/1/2006, FIP will move to a flat payment standard for Michigan. There will be two tables, one for a standard family grant and one for child only grants. This will reduce the number of errors created by having 18 different payment tables in the state and to provide workload relief.

In Fiscal Year 2003, approximately 48,000 FIP payment changes were processed because a family moved or because an adult in the household became temporarily deferred or became employable, at a cost in staff time equal to 12 full time positions.

FAMILY SELF-SUFFICIENCY PLAN

Beginning in October 2006, the Personal Responsibility Plan and Family Contract (PRPFC) is being replaced by a web-based, Family Self-Sufficiency Plan (FSSP) that will be completed by adult FIP recipients and the Family Independence Specialist and/or Michigan Works Agency case manager. A screening tool will be used to identify areas of strength and areas that need further assessments. The purpose is to mutually arrive at a shared plan that helps the family reach its goals for self-sufficiency. The plan outlines the family's goals, strengths, needs, options, and steps to reach its goals. It also highlights agency actions to support the family's goals, such as contacting other agencies, making referrals, and advocating for the family.

The following required activities are examples of ways FIP recipients may fulfill their Family Self-Sufficiency Plan:

- Obtain and retain employment
- Active participation in approved work activities, usually through referral to Michigan Works!

Other activities may be necessary to aid the family's progress towards self-sufficiency. Examples include:

- Enrolling in school or training classes to improve employment skills
- Parenting classes
- Community service
- School-related activities, such as Head Start participation, parent volunteer activities, parent-teacher conferences, *etc.*
- Children's health-related activities, such as prenatal care, infant's medical care, children's immunizations, *etc.*
- Other activities that meet the goals of the FSSP
- Failure to complete the activities agreed to in the FSSP without good cause will result in the family being subject to FIP closure.

CHILD DEVELOPMENT AND CARE

PROGRAM STATEMENT

Child Development and Care services are provided to qualified families when the parent(s) or substitute parent(s) is unavailable to provide care because of high school completion, employment, participation in an approved treatment program for a physical, mental or emotional condition (family preservation), or approved employment related activities. Families must submit an application and required verification and use an eligible childcare provider.

The CDC program provides payments for care of eligible children to:

- Assure that their parents or caretakers (including foster parents) are able to engage in employment, education and training activities that promote family financial wellbeing and self-sufficiency.
- Provide support to families involved with CPS, Prevention, and Foster Care to allow these families to participate in service activities designed to reduce the change of child abuse and neglect and otherwise stabilize families.

3.4% of Child Development and Care families are directly involved in CPS, Foster Care and other Children Services programs.

25.2% are FIP or former FIP families where CDC is primarily aimed at keeping children safely in their own homes and assisting the families toward self-sufficiency.

71.5% are income eligible working families where CDC is an essential work support that helps the parents maintain their jobs and helps assure that children receive safe, quality child care.

The goal of the Child Development and Care program is to help preserve the family unit and to promote the family's economic independence and self-sufficiency by promoting safe, affordable, accessible, and quality child care for qualified Michigan residents.

COSTS (2007)

PROJECTED EXPENDITURES 2007					
	CCDF	TANF	Other Fed. **	GF	Total
Client Benefits	\$ 108,016,000	\$ 162,920,800	\$ 6,400,000	\$ 168,074,100	\$ 445,410,900
***Before & After School		5,000,000			\$ 5,000,000
***Boys & Girls Club				\$ 250,000	\$ 250,000
Administration	\$ 1,270,000				\$ 1,270,000
*Quality Initiatives	\$ 16,258,000				\$ 16,258,000
	\$ 125,544,000	\$ 167,920,800	\$ 6,400,000	\$168,324,100	\$ 468,188,900

* \$8 million is used to support OCAL from the 4% quality dollars

**Title XX (\$2,000,000) and Title IV-E (\$4,400,000)

*** Boilerplate

AVERAGE COST PER RECIPIENT

The FY 2007 year-to-date average monthly CDC payment PER CASE is \$584. The average monthly year-to-date cost per "CHILD" is \$299.

DESIRED OUTCOMES AND RESULTS

A. ENHANCING CHILD WELL-BEING

GOAL

The Child Development and Care program will be an essential part of DHS efforts to assure child safety and well-being. In March 2006, 121,793 Michigan children received child care that was paid fully or in part through the Child Development and Care program.

DESIRED OUTCOME #1-A

The department will assure children receive care in licensed, registered, enrolled and otherwise regulated settings that meet established standards of care set by law, regulation and DHS policy.

CURRENT STATUS

Current policy is enforced by system edits, and addresses:

- Child Care Centers regulated by OCAL under P.A. 116 or by the appropriate tribal/military authority
- Enrolled Child Care Centers exempt from regulation under P.A. 116 because all parents are on-site and available
- Group Child Care Homes regulated by OCAL under P.A. 116 or by the appropriate tribal/military authority
- Family Child Care Homes regulated by OCAL under P.A. 116 or by the appropriate tribal/military authority
- Relative Child Care Homes enrolled by DHS staff
- Their own homes using an enrolled Child Care Aide (enrolled by DHS staff)

DESIRED OUTCOME #2-A

The department will perform criminal history clearances for all providers and caregivers. A policy process will be created for child care aides and relative providers that self-report crimes on their enrollment application.

CURRENT STATUS

- Uniform list of crimes developed in January 2006 for all providers listed above.
- Clearances now are completed once monthly.
- Pilot project to complete criminal clearance before enrollment beginning July 2006 in selected counties.
- Policy that establishes a procedure to prevent future enrollment of providers with self-reported crimes became effective January 1, 2006.

DESIRED OUTCOME #3-A

The department's Leadership Academy will review the requirements for child care aides and relative providers. They are looking at the current enrollment requirements to determine recommendations to the program office that would improve the quality of care.

CURRENT STATUS

Leadership Academy team worked from October to April to develop recommendations in this regard. Preliminary Recommendations were presented to Executive Staff in 4-2006. Recommendations included developing a required orientation session, providing training and tying completion to increased payment rates, encourage these providers to become licensed, and improved standards. The group will continue to work with the CDC program and ECIC to finalize the action plan.

B. ENHANCE QUALITY OF CARE

TOTAL FY 2006 ESTIMATED CCDF QUALITY SPENDING:

Regular Discretionary	\$7,917,739
Earmarked Discretionary: Infant & Toddler	\$1,936,318
Earmarked Discretionary: School Age R & R	\$1,067,136
Earmarked Discretionary: Quality Expansion	<u>\$5,555,809</u>
Total Required Quality:	\$16,477,002

ECIC Program Initiatives help to assure that children thrive and receive quality child day care in Michigan. The Child Care and Development Fund (CCDF) provides earmarks for infant and toddler care, school-age care and resource and referral services as well as the special earmark for quality expansion activities. The following describes the activities, identifies the entities providing the activities, and describes the expected results of the activities supported by CCDF regular and earmarked discretionary funds.

Regular Discretionary: (\$7,917,739)

DESIRED OUTCOMES

The department will continue or expand the quality initiatives listed below:

- Early Childhood Investment Corporation (ECIC)/4C regional offices (15) –
Child Care Resource and Referral Services: \$5,052,889
Resource and referral services to provide child care information, coordination, and outreach for DHS customers and providers. A total of 46,184 referrals were made in FY 2005, AND

On-Site Child Care Coordinators (68.5) located in county/district DHS offices.

- ECIC/Community Coordinated Child Care (4C) Association: \$168,066
Incentive payments of \$150 for up to 1,000 child care aides and relative care providers completing 16 hours of documented child care training.
- *Accreditation scholarships/credential incentives for 86 regulated child care providers.* \$77,357
- *Child Care Provider Professional Development* \$1,277,400
Michigan Child Care Futures Project provides training (Basic, Advanced, Administrators, Special Needs, and Mini Series) to child care providers. (2,337 child care providers were trained October-December 2005, and 1,328 are expected to be trained January-September 2006.)
- ECIC/Michigan State University Extension: \$1,043,704
Michigan Better Kid Care provider training. (5,000 child care providers are expected to be training in FY 2006.)
- *ECIC/Child Care Provider Training Evaluation* \$298,323
(to be finalized as proposal is developed)

Earmarked Discretionary for Infants and Toddlers: (\$1,936,318)

- Department of Community Health: \$1,383,318
Public and mental health consultation services to licensed/registered and enrolled/informal child care providers serving children ages 0-5 (with a special emphasis on children ages 0-3) in designated areas of Michigan. Informal providers receive priority for services. The expected result of the public health consultation services is

training for 450 child care providers. Mental health consultation services (Child Care Expulsion Prevention – CCEP) will impact the social and emotional quality of care and development for an estimated 5,995 children.

<i>Social/Emotional Training to Child Care Providers</i> (to be finalized as proposal is developed)	\$553,000
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Earmarked Discretionary for Resource and Referral / School-Age Child Care Services: (\$1,067,136)

- | | |
|--|-----------|
| • 4C Regional Offices (5): | \$517,275 |
| <i>Child Care Resource and Referral Services</i> to provide child care information, coordination, and outreach for DHS customers and providers (October – December 2005). | |
| • ECIC/4C Regional Office (Detroit/Wayne County 4C): | \$524,861 |
| <i>Child Care Resource and referral services</i> to provide child care information, coordination, and outreach for DHS customers and providers (January – September 2005). | |
| • Michigan Department of Education: | |
| Support the work of the <i>Michigan After School Partnership</i> to build and sustain high quality out-of-school time programs and resources. | \$25,000 |

Earmarked Discretionary for Quality Expansion: (\$5,555,809)

- | | |
|---|-------------|
| • Early Childhood Investment Corporation: | |
| <i>Great Start Collaborative and Capacity Building Grants</i> to 14 communities | \$1,240,000 |

Technical Assistance to Great Start Grantees

\$60,000

Grantees will conduct community assessments and develop strategic plans for the development of a comprehensive system of early childhood services and supports accessible to all children from birth to kindergarten and their families.

- 4C Association:

\$3,000,000

T.E.A.C.H. (Teacher Education And Compensation Helps) Early Childhood® Michigan provides professional development for teachers, program directors, and child care providers currently in the early childhood education and care field. A total of 4,189 scholarships have been awarded to providers in 81 Michigan counties. Over 29,900 credits have been purchased from participating colleges and universities.

- Michigan State University Extension: (October-December 2005)

\$ 99,332

Better Kid Care satellite training and child care training for low-income adults in designated communities to promote an increase in provider knowledge, provider skills and quality of care provided. The expected result is 500 child care providers in 55 counties will participate in one or more satellite training sessions, and 100 low-income adults in 6 designated communities will participate in child care provider training.

- ECIC/Public Sector Consultants, Inc:

\$227,642

Child Care Workforce Study to provide an essential base-line foundation of the characteristics of the early childhood care and education workforce.

- Michigan Department of Education:

\$ 8,835

Continued development of *Early Childhood Standards of Quality for Infants and Toddlers* that will include child learning outcomes in all areas of development, as well as program quality standards. Will also align and articulate with pre-kindergarten standards. Technical writer to compile and organize the work of the ad-hoc committee.

- Early Childhood Investment Corporation:

\$900,000

Parent/Provider Information/Child Development and Care Publications:

Provider Handbook and Reporting Instructions for Child Care

Providers (DHS Publication 230)

Michigan Cares for Today's Child (DHS Publication 798) – Booklet that explains Child Development and Care services.

Accreditation: Added Security When Choosing Child Care (DHS Publication 626) which explains benefits of accreditation.

Healthy Child Care: Bimonthly publication distributed to all licensed/regulating child care providers statewide which gives up to date health, safety and child development information.

Start: Bimonthly publication distributed to all relative care providers and CDC families which gives up to date child development information.

- ECIC/Children's Trust Fund:

\$ 20,000

Supporting Families with Infants, Toddlers and Young Children Conference –

Financial support for up to 100 child care providers to attend this conference.

C. ENHANCE CHILD DEVELOPMENT AND CARE PROGRAM INTEGRITY

GOAL

Identify and reduce areas of fraud in the child care program and reduce mispayments to maintain program integrity.

DESIRED OUTCOME #1-C:

DHS will review the current eligibility and payment systems to identify additional ways to flag fraudulent activities, i.e. excessive number of children, excessive number of hours billed, multiple cases for providers (relatives, aides) and high payment amounts.

CURRENT STATUS:

- STOP Child Care Program Fraud poster distributed May 2006 to local DHS offices and other agencies that work with our clients.
- Effective 1-2006, limits were placed on the total number of hours for which providers can be paid in a biweekly pay period. The limits vary by setting:
 - ◆ Child care aides – 600 hours per pay period
 - ◆ Relative care providers – 600 hours per pay period
 - ◆ Family child care homes – 900 hours per pay period
 - ◆ Group child care homes – 1800 hours per pay period
 - ◆ Child care centers – No limit.

- Effective 1-2006, a process was created to address undeliverable mail from childcare providers. Returned mail indicates a potential for fraud since providers are required to report address changes to the Department within 10 days.
- Child Care Provider Review: The child care unit in conjunction with Office of Internal Audit are reviewing provider billings that exceed an established billing limit that puts the case at high-risk for fraud or improper payments.

DESIRED OUTCOME #2-C:

The department will review state laws and administrative rules and make revisions to include penalties for child care providers and clients for non-compliance with program requirements. Such non-compliance includes acts like failure to keep attendance records, caring for more children than allowed, using child care for other than approved reasons and failure to report required changes.

CURRENT STATUS

A workgroup has met and drafted new rules. Further revisions are being made and will be sent to the workgroup members for review by 7/1/06, prior to submitting to the O.R.R. Target date for final adoption of the new rules is 7/1/06.

DESIRED OUTCOME #3-C:

The department is to develop an Automated Client Recoupment system to assist staff in calculating over-issuance amounts. The resulting over-issuance amounts will then be fed into an automated system to perform recoupment activities.

CURRENT STATUS:

The system that calculates the over-issuance amounts was made productional on November 21, 2005. An automated system to recoup provider-caused over-issuances has been in operation for approximately two years. The remaining piece is automated recoupment of client-caused over-issuances, which is on hold until Bridges is implemented.

DESIRED OUTCOME #4-C:

The department will review policy requiring case openings with minimum verifications.

CURRENT STATUS:

Effective 1-2006, the policy that allowed child care cases to be opened with minimum verifications was eliminated. These cases were identified as high-risk for improper payment and high-risk for audit exceptions for lack of documentation.

CHILD CARE VALID NEED REASONS				
ELIGIBILITY GROUPS	HIGH SCHOOL COMPLETION	EMPLOYMENT	FAMILY PRESERVATION	MWA* APPROVED ACTIVITY

CATEGORICALLY ELIGIBLE (no income determination)				
Protective Services – (Children’s Services Related)			✓	Not Covered**
Preventive Services – (Children’s Services Related)			✓	
Foster Care – (Children’s Services Related)	✓	✓	✓	✓
FIP Related *** (FIP and Former FIP Related)	✓	✓	✓	✓

INCOME ELIGIBLE (income determination required)				
Income Eligible – (CDC Based on Income Eligibility)	✓	✓	✓	✓

- * MWA refers to Michigan Works! Agency.
- ** Child may be eligible in a lower row of the chart.
- *** FIP Related means the child or parent receives FIP or SSI; or the child or parent received FIP within the previous six CDC pay periods; or the family is applying for FIP and child care is needed to participate in a required MWA* activity.

CHILD DEVELOPMENT AND CARE PROGRAM CASELOAD TRENDS

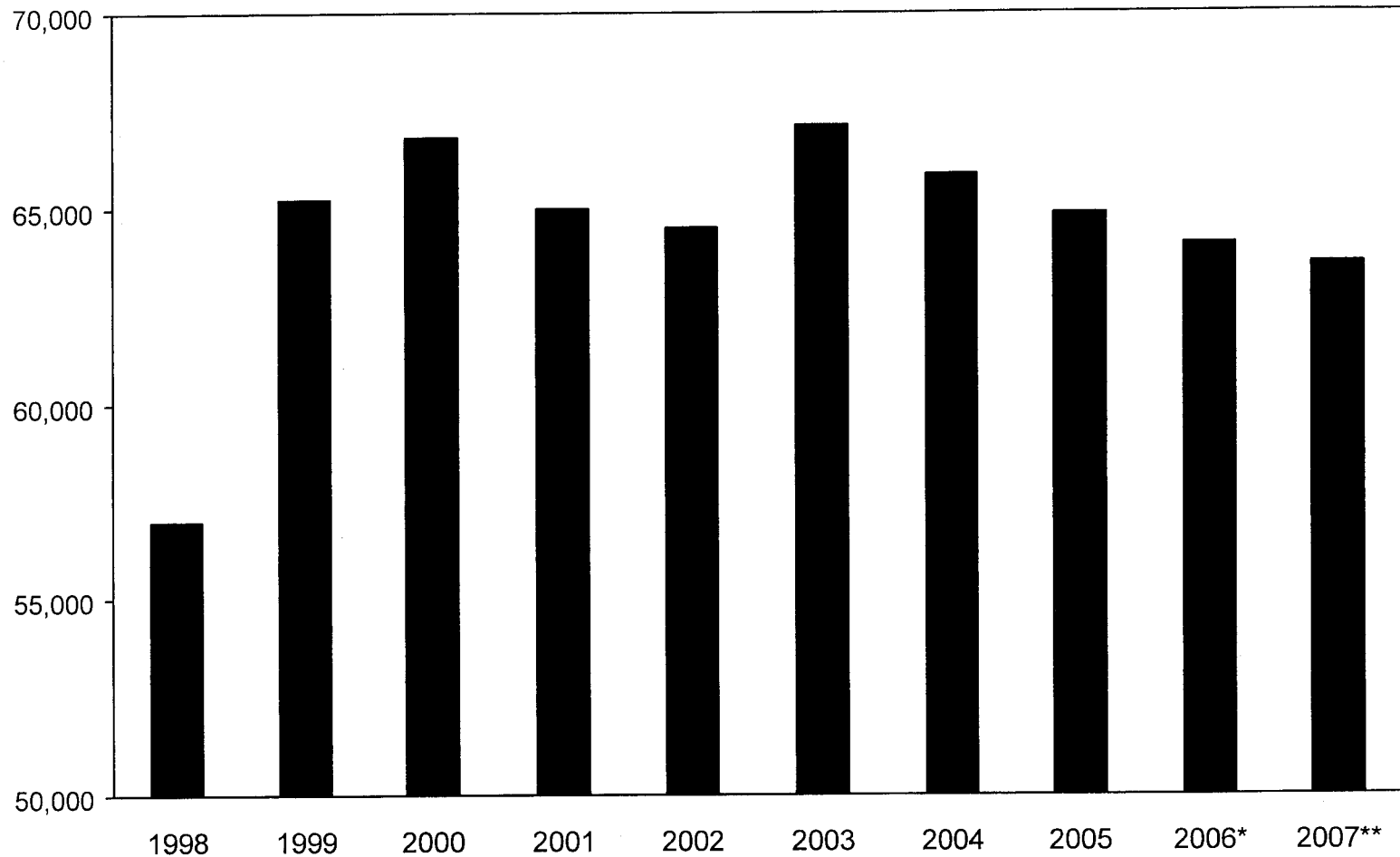
FY 1998 - FY 2007

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■ Child Care Total	56,976	65,247	66,811	65,008	64,520	67,125	65,875	64,882	64,100	63,600
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- CDC caseloads have trended lower since FY 2003 and are projected to further decrease through FY 2007.

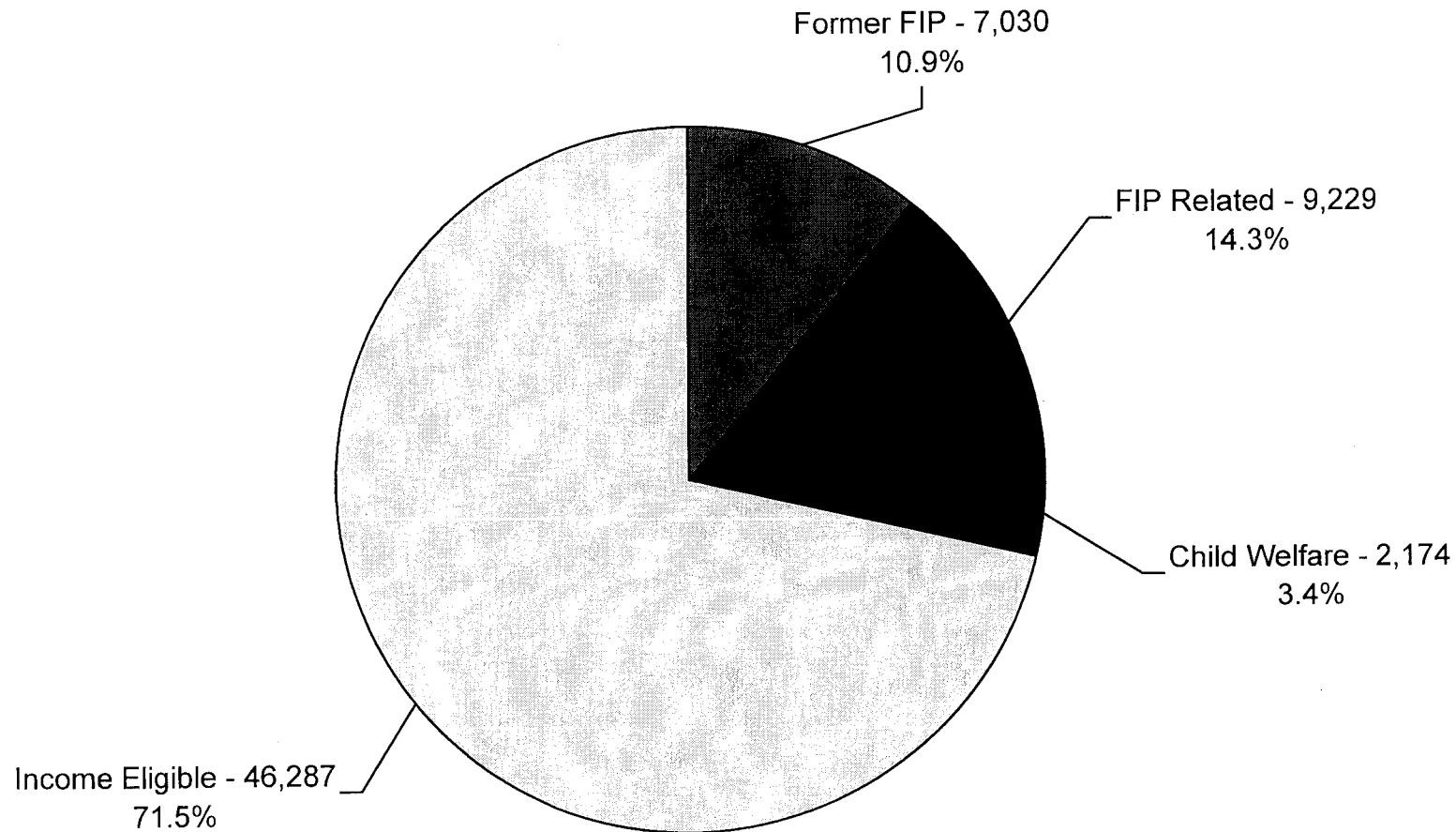
* *Original Budgeted Caseload.*

** *Executive Budget Recommended Caseload.*

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CDC ELIGIBILITY CATEGORIES

December, 2005

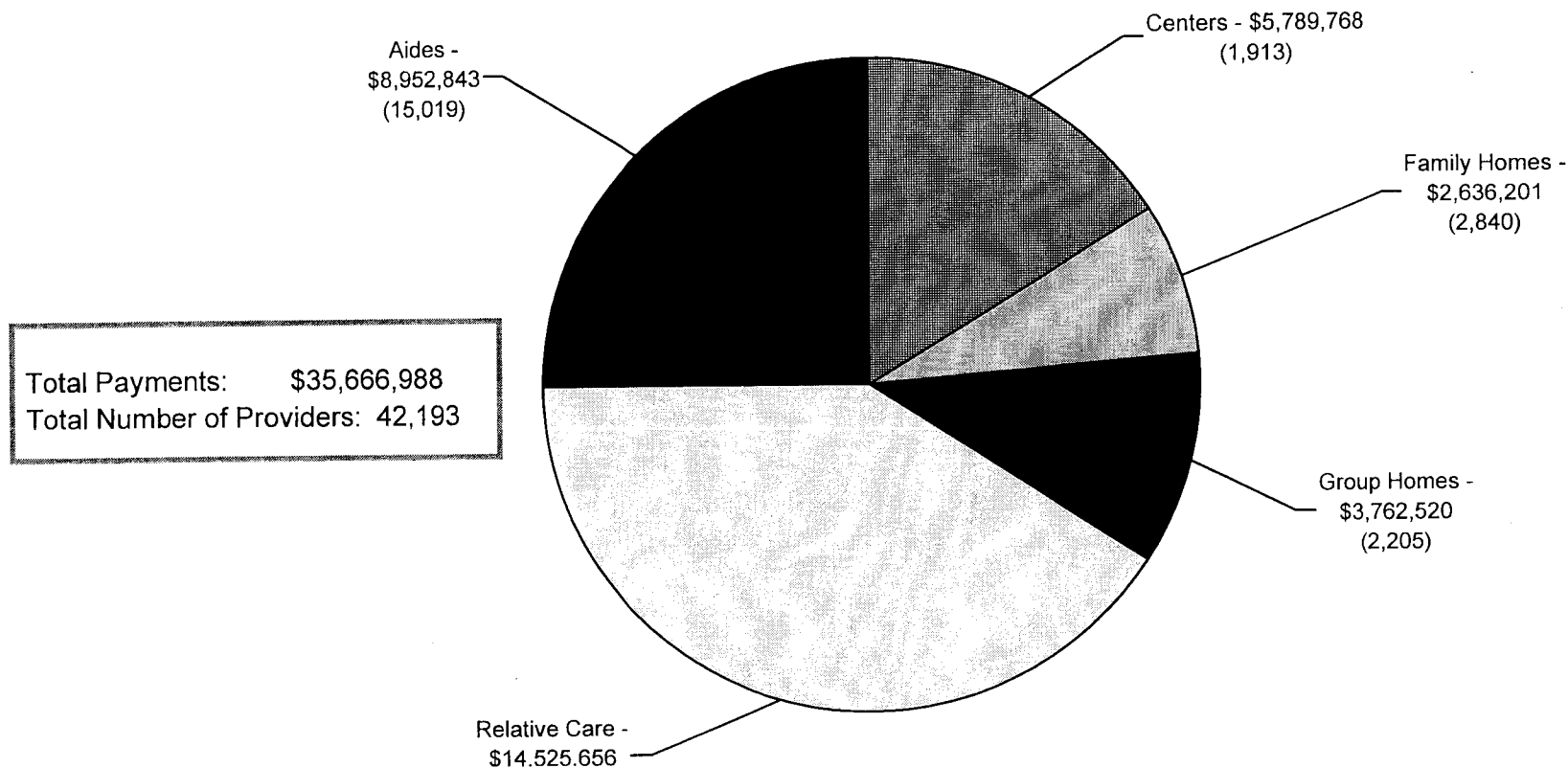


- Former FIP Cases were on cash assistance within the last 3 months.
- Approximately 95% of Income Eligible recipients are also receiving other benefits from the Department, typically Food Assistance and/or Medicaid.

CHILD DEVELOPMENT AND CARE PAYMENTS BY PROVIDER TYPE

Number of Providers by Type

December 2005



Center
Group Home
Family Home
Relative Care
Aide

A child care center licensed by the Department of Consumer and Industry Service (DCIS).

A home licensed by DCIS to care for up to twelve children.

A home registered by DCIS to care for up to six children.

Care in a relative's home.

Care in the child's home by a relative or a non-relative.

IMPACT OF MICHIGAN MINIMUM WAGE INCREASE ON CHILD DEVELOPMENT AND CARE FAMILIES

The minimum wage in Michigan is increasing to \$6.95 per hour in October 2006 and to \$7.15 per hour in July 2007. Income information in the data warehouse was used to estimate wages our CDC clients are currently earning:

63% earn less than \$6.95 per hour currently
68% earn less than \$7.15 per hour currently

A raise to either \$6.95 or \$7.15 per hour, full-time, would only result in ineligibility for cases with family size = 4 and with 2 wage earners. Again based on data warehouse queries, that appears to be around 7% of all of our income eligible families.

In February 2006 we spent about \$23,318,445 for income-eligible child care payments (CH-360 report). 7% of that is \$1,632,291.

For the nine months when minimum wage will be \$6.95, we multiplied the \$1,632,291 by 63% (portion currently earning less than \$6.95) which equals \$1,027,485 per month. Multiplying that monthly savings by nine months (10/1/06 - 6/30/07) gives a potential savings of \$9,247,366.

For the other three months where minimum wage will be \$7.15, we multiplied the \$1,632,291 by 68% (portion currently earning less than \$7.15), which equals \$1,027,485.11 per month. Multiplying that monthly savings by three months (7/1/07 - 9/30/07) gives a potential savings of \$3,327,803.

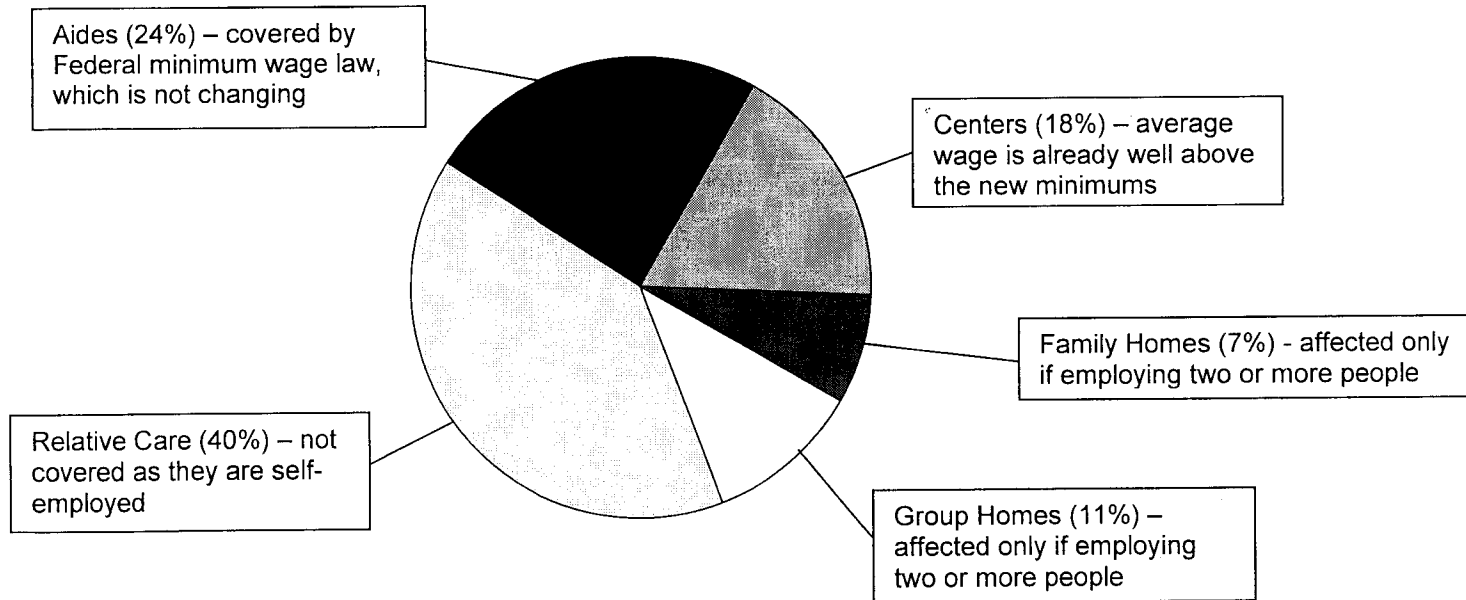
Savings for all of FY '07s is expected to be about \$12.6 million, which is the sum of \$9,247,366 (the 9 months at \$6.95) and \$3,327,803 (the 3 months at \$7.15).

DEPARTMENT OF HUMAN SERVICES

Impacts of State Minimum Wage Increases on Child Care Providers

Michigan's minimum wage is increasing to \$6.95 on October 1, 2006, to \$7.15 July 1, 2007, and to \$7.40 July 1, 2008. Child care centers, in-home aides and relative providers are unlikely to be affected by the increases. Homes (especially group homes) could see some increased costs, but only those employing two or more helpers at any given time during the year. The magnitude of the effects on home providers is not known, but is likely to be small.

Provider Types by Percent of CDC Payments



Note: Graphic depiction of provider type portions is based on dollars spent on subsidies from March 2006 CH-360 report. Center average employee wage in Michigan is \$9.70 per hour based on data obtained from the U.S. Department of Labor.